

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES  
INBOUND E-FORMAT LETTER POST

Docket No. CP2022-58

**NOTICE OF THE UNITED STATES POSTAL SERVICE OF  
RATES NOT OF GENERAL APPLICABILITY FOR INBOUND E-FORMAT LETTER  
POST, AND APPLICATION FOR NON-PUBLIC TREATMENT**  
(April 29, 2022)

The United States Postal Service (Postal Service) hereby gives notice of rates not of general applicability for Inbound Letter Post Small Packets and Bulky Letters (referred to herein as “Inbound E-format Letter Post”) to take effect on January 1, 2023.

**I. *Transfer to Competitive Product List, and Rates in 2020 to 2022.***

In Order No. 4980 issued on January 9, 2019, the Postal Regulatory Commission (Commission) determined that Inbound E-format Letter Post is appropriately classified as a competitive product, conditioned on favorable review and implementation of new prices.<sup>1</sup> In Order No. 5372 issued on December 19, 2019, the Commission favorably reviewed the prices for Inbound E-format Letter Post for 2020, ordering that the Postal Service’s 2020 prices complied with 39 U.S.C. § 3633 and 39 C.F.R. (former) Part 3015 and may therefore take effect as scheduled on January 1, 2020.<sup>2</sup> The Commission further held in Order No. 5372 that the conditions of Order No. 4980 for the transfer of the product to the competitive product list would be met once those new prices took

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<sup>1</sup> Order No. 4980, Order Conditionally Approving Transfer, Docket No. MC2019-17, January 9, 2019, at 23.

<sup>2</sup> Order No. 5372, Order Granting Postal Service’s Motion and Approving Prices for Inbound Letter Post Small Packets and Bulky Letters, Docket Nos. MC2019-17 & CP2019-155, December 19, 2019, at 18.

effect on January 1, 2020; they took effect on that date, at which point the transfer became effective as well.<sup>3</sup>

On April 10, 2020, the Postal Service filed notice of new self-declared rates for Inbound E-format Letter Post that would take effect on January 1, 2021.<sup>4</sup> In Order No. 5502 issued on May 8, 2020, the Commission favorably reviewed the 2021 prices.<sup>5</sup> The Postal Service subsequently gave notice of such rates to the International Bureau (IB) of the Universal Postal Union (UPU), and such rates took effect on January 1, 2021.

On May 14, 2021, the Postal Service filed notice of new self-declared rates for Inbound E-format Letter Post that would take effect on January 1, 2022.<sup>6</sup> In Order No. 5904 issued on May 28, 2021, the Commission favorably reviewed the 2022 prices.<sup>7</sup> The Postal Service subsequently gave notice of such rates to the UPU IB, and such rates took effect on January 1, 2022.

## **II. Self-declared Rates for 2023 to be Submitted to the UPU.**

Under the Universal Postal Convention, **by June 1, 2022**, the Postal Service must give notice to the UPU IB of its self-declared rates for inbound small packets and

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<sup>3</sup> Id.

<sup>4</sup> Notice of the United States Postal Service of Specific Rates Not of General Applicability for Inbound E-format Letter Post for 2021, Docket No. CP2020-120, April 10, 2020. Under 39 C.F.R. § 3035.105(a), the Postal Service ordinarily must file a notice of a change in a rate not of general applicability at least 15 days before the effective date of the change. However, the deadline for the Postal Service to submit such rates to the Universal Postal Union is June 1 in the year preceding when they would take effect.

<sup>5</sup> Order No. 5502, Order Approving Prices for Inbound Letter Post Small Packets and Bulky Letters and Acknowledging Prices for Inbound Competitive International Registered Mail Service, Docket No. CP2020-120, May 8, 2020. In Order No. 5502 (at n.21), the Commission also directed that, “in the future, the Postal Service does not need to provide notice of rates for Inbound Competitive International Registered Mail service when it provides notice of proposed self-declared rates for the Inbound Letter Post Small Packets and Bulky Letters product.”

<sup>6</sup> Notice of the United States Postal Service of Rates Not of General Applicability for Inbound E-format Letter Post, Docket No. CP2021-94, May 14, 2021.

<sup>7</sup> Order No. 5904, Order Approving Prices for Inbound Letter Post Small Packets and Bulky Letters, Docket No. CP2021-94, May 28, 2021.

bulky letters that would take effect on January 1, 2023.<sup>8</sup> The UPU Convention further provides that, by July 1, 2022, the UPU IB shall give notice of the 2023 rates to other UPU designated postal operators.<sup>9</sup> Subject to the conditions for the service and business rules for the self-declared rates under the UPU Convention,<sup>10</sup> the Postal Service's inbound self-declared rates will be charged to other UPU designated postal operators, except to the extent that the UPU Convention establishes terminal dues rates that the Postal Service must charge in lieu of self-declared rates for certain low-volume letter-post streams dispatched from other countries,<sup>11</sup> and except to the extent that designated postal operators agree by bilateral or multilateral commercial contract with the Postal Service on the application of any alternate rates.<sup>12</sup>

Generally lower terminal dues rates are charged for E-format item volumes dispatched from some of the world's least developed countries (UPU Group IV countries) whose operators send letter post mail below certain annual tonnage thresholds of 100 metric tons.<sup>13</sup> Similar exceptions (albeit at much lower thresholds of 25 metric tons per year) apply to certain other countries as well (in UPU Groups II and

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<sup>8</sup> Universal Postal Convention (UPU Convention) renumbered Article 29.1.

<sup>9</sup> Id. Pursuant to current UPU Convention Article 29.1, when the Postal Service notifies the UPU IB of its self-declared E-format letter post rates by June 1, 2022 (to take effect on January 1, 2023), it may submit its self-declared rates to the UPU either in local currency (i.e., in U.S. dollars (USD)) or Special Drawing Rights (SDR). If submitted in local currency, then the UPU IB will convert the rates into values expressed in SDR. To calculate the rates in SDR under Article 29.1, the IB now uses the average monthly exchange rate of the five-month period ending March 31 of the year preceding the year for which the self-declared rates would be applicable. (In the past, the Convention had instead provided that the five-month period ending May 31 would be used for that purpose; that provision was changed by the Abidjan Congress.)

<sup>10</sup> See UPU Convention Articles 29.1 & 29.3 (business rules for self-declared rates).

<sup>11</sup> See UPU Convention Articles 29.1.1.6, 29.1.1.7, 29.7, & 29.9; see also id. Articles 28, 30-32; see also UPU Convention Regulations Article 31-120. In addition, the Postal Service charges undifferentiated rates for certain low volume flows (as specified in the workpapers), in part as required by the Convention and its Regulations and in part to avoid sampling costs for dispatches from low volume countries. The self-declared E-format item rates are integrated with the applicable rates for formats P and G to formulate blended rates for low volumes flows. Although the final blended rates in SDR may vary from those estimated, the total blended per-kilogram rate in SDR for such inbound letter post flows include a component based on the Postal Service's self-declared E-format rates.

<sup>12</sup> UPU Convention Article 28.14.

<sup>13</sup> See UPU Convention Articles 29.1.1.6 & 29.7.

III).<sup>14</sup> However, the UPU Abidjan Congress in 2021 adopted certain provisions for which the United States had advocated to ensure that the Postal Service could charge its inbound self-declared rates reciprocally with respect to any operators that charge the Postal Service their own inbound self-declared rates. That is, if the designated operators of countries with such low-volume streams nevertheless choose to apply their own inbound self-declared E-format letter post rates to flows originating in the United States, then the Postal Service reciprocally may charge them its inbound E-format self-declared rates as well under current UPU Convention Articles 29.7 and 29.9.<sup>15</sup>

### **III. *New 2023 Prices Comply with Section 3633 of Title 39.***

In Governors' Decision No. 19-1, issued on February 7, 2019, the Postal Service Governors established prices not of general applicability for certain of the Postal Service's competitive classified products, including "Other Non-Published Competitive Rates" that are not of general applicability and not embodied in contractual instruments. The rates for Inbound E-format Letter Post are one set of such Other Non-Published Competitive Rates. In Governors' Decision No. 19-1, the Governors further authorized Postal Service management to make all necessary regulatory filings with the Commission for rates within the scope of that decision. Pursuant to such authority, the Postal Service is filing its new prices for 2023 for Inbound E-format Letter Post with the Commission for review.

An Application for Non-public Treatment of the unredacted specific self-declared rates and supporting materials that are being filed under seal is included with this Notice as Attachment 1. Attachment 2 includes the Postal Service's specific self-declared per-

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<sup>14</sup> See UPU Convention Articles 29.1.1.7 & 29.7.

<sup>15</sup> See UPU Convention Article 29; see also UPU Convention Regulations Article 31-120 (as revised and renumbered following the Abidjan Congress).

item and per-kilogram prices for Inbound E-format Letter Post for 2023; a redacted copy is attached hereto, and an unredacted copy is being filed under seal. A certification pursuant to 39 C.F.R. § 3035.105(c)(2) is included as Attachment 3. Governors' Decision No. 19-1 is included as Attachment 4; consistent with how this same decision has been filed in other dockets in the past, a redacted copy is attached hereto, and an unredacted copy is being filed under seal. A redacted version of the supporting financial documentation establishing cost coverage also accompanies this filing; an unredacted copy is being filed under seal.

As shown in the supporting financial workpapers, the Postal Service's rates for Inbound E-format Letter Post conform to the statutory requirements for competitive products under 39 U.S.C. § 3633.<sup>16</sup> The supporting documentation demonstrates that the new rates cover their attributable costs,<sup>17</sup> avoid cross-subsidization of competitive products by market dominant products, and do not impede competitive products' collective ability to cover their "appropriate share" of institutional costs.

#### **IV. Conclusion.**

The Postal Service has established that its new 2023 prices for Inbound E-format Letter Post are in compliance with the requirements of 39 U.S.C. § 3633 and 39 C.F.R. Part 3035. Accordingly, the Postal Service respectfully requests that the Commission favorably review these 2023 prices for Inbound Letter Post Small Packets and Bulky Letters, so that the Postal Service will be able to submit these rates to the UPU IB by

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<sup>16</sup> 39 U.S.C. § 3633; see also 39 C.F.R. §§ 3035.105, 3035.107.

<sup>17</sup> Lower, exceptional UPU terminal dues rates for certain countries below prescribed annual volume thresholds under the Convention reduce the product's cost coverage only by small margins, as shown in the financial workpapers.

the deadline of June 1, 2022 (established by the UPU Convention), and that these rates may then take effect on January 1, 2023.

Respectfully submitted,

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April 29, 2022

**APPLICATION OF THE UNITED STATES POSTAL SERVICE  
FOR NON-PUBLIC TREATMENT OF MATERIALS**

In accordance with 39 C.F.R. Part 3011, the United States Postal Service (Postal Service) hereby applies for non-public treatment of certain materials filed with the Postal Regulatory Commission (Commission) in this docket. The materials pertain to the establishment of prices not of general applicability for Inbound Letter Post Small Packets and Bulky Letters (referred to herein as “Inbound E-format Letter Post”) established in accordance with Governors’ Decision No. 19-1, the Universal Postal Convention, and the Convention Regulations. The rates and supporting documents establishing compliance with 39 U.S.C. §§ 3632-3633 and 39 C.F.R. §§ 3035.105 and 3035.107 are being filed separately under seal with the Commission. Redacted copies of these materials are filed publicly, including a redacted version of supporting financial documentation filed as a separate Excel document.

The Postal Service hereby furnishes below the justification for this application as required by 39 C.F.R. § 3011.201(b).

**(1) The rationale for claiming that the materials are non-public, including the specific statutory provision(s) supporting the claim, and an explanation justifying application of the provision(s) to the materials;**

The materials designated as non-public consist of information of a commercial nature, including Postal Service and third-party business information, that, under good business practice, would not be disclosed to the public. The Postal Service does not believe that any commercial enterprise would voluntarily publish, for example, non-public settlement rates or information pertaining to country-specific volumes, costs, and revenues. Rather, this information would be exempt from mandatory disclosure

pursuant to 39 U.S.C. § 410(c)(2) and 5 U.S.C. § 552(b)(3) and (4).<sup>1</sup> Because the portions of the materials that the Postal Service is filing only under seal fall within the scope of information not required to be publicly disclosed, the Postal Service asks the Commission to support its determination that these materials are exempt from public disclosure and grant its application for their non-public treatment.

**(2) A statement of whether the submitter, any person other than the submitter, or both have a proprietary interest in the information contained within the non-public materials, and the identification(s) specified in paragraphs (b)(2)(i) through (iii) of [§ 3011.201] (whichever is applicable). For purposes of this paragraph, identification means the name, phone number, and email address of an individual;**

In the case of rates and supporting data such as those at issue here, the Postal Service believes that foreign designated postal operators whose governments are members of the Universal Postal Union (UPU) are the only third parties with a proprietary interest in the materials. Due to language and cultural differences as well as the sensitive nature of the Postal Service's rate relationship with the affected foreign postal operators, the Postal Service proposes that a designated Postal Service employee serve as the point of contact for any notices to the relevant postal operators. The Postal Service identifies as an appropriate contact person Jeffrey A. Rackow, Attorney, United States Postal Service. Mr. Rackow's phone number is (202) 268-6687, and his email address is [jeffrey.a.rackow@usps.gov](mailto:jeffrey.a.rackow@usps.gov).

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<sup>1</sup> In appropriate circumstances, the Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A). The Commission has indicated that "likely commercial injury" should be construed broadly to encompass other types of injury, such as harms to privacy, deliberative process, or law enforcement interests. PRC Order No. 194, Second Notice of Proposed Rulemaking to Establish a Procedure for According Appropriate Confidentiality, Docket No. RM2008-1, Mar. 20, 2009, at 11.



The Postal Service provided notice to all foreign postal operators within the UPU network through an International Bureau Circular (UPU IB Circular No. 178 (2021)) issued on November 8, 2021, that the Postal Service will be regularly submitting certain business information to the Commission. The circular includes information on how third parties may address any confidentiality concerns with the Commission. In addition, contact information for all UPU Designated Operators is available at the following link, which is incorporated by reference into the instant application:

[http://pls.upu.int/pls/ap/addr\\_public.display\\_addr?p\\_language=AN](http://pls.upu.int/pls/ap/addr_public.display_addr?p_language=AN).<sup>2</sup>

**(3) A description of the information contained within the materials claimed to be non-public in a manner that, without revealing the information at issue, would allow the Commission to thoroughly evaluate the basis for the claim that the information contained within the materials is non-public;**

In connection with its Notice filed in this docket, the Postal Service included its rates and supporting documentation in the form of the Governors' decision and financial workpapers. These materials were filed under seal, with redacted copies filed publicly. The Postal Service maintains that the redacted rates and related financial information should remain confidential.

The redactions applied to the rates and related financial materials protect commercially sensitive information (including certain country-specific information), such as rates, volumes, weights, underlying costs and assumptions, pricing formulas, and cost coverage projections; the rates include rates that blend P and G format inbound

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<sup>2</sup> The Postal Service notes that 39 C.F.R. § 3011.201(b)(2) contemplates situations where a third party's identification is "sensitive or impracticable" and therefore permits the designation of a Postal Service employee who shall act as an intermediary for notice purposes. The Postal Service respectfully avers that it is impracticable to communicate with dozens of operators in multiple languages about this matter. Moreover, the volume of filings would overwhelm both the Postal Service and the applicable foreign postal operators with boilerplate notices.

letter post rates with the new self-declared prices for E-format inbound letter post items effective January 1, 2023.

**(4) Particular identification of the nature and extent of the harm alleged and the likelihood of each harm alleged to result from disclosure;**

If the portions of the rates and related financial materials that the Postal Service determined to be protected from disclosure due to their commercially sensitive nature were to be disclosed publicly, the Postal Service considers that it is quite likely that it would suffer commercial harm. Information about non-published pricing is commercially sensitive, and the Postal Service does not believe that it would be disclosed under good business practices. Competitors could use the information to assess the rates charged by the Postal Service to foreign postal operators for any possible comparative vulnerabilities and focus their sales and marketing, negotiating, and/or reciprocal self-declared rate-setting efforts on those areas, to the detriment of the Postal Service. The Postal Service considers these to be highly probable outcomes that would result from public disclosure of the redacted materials.

The Commission should not compel the Postal Service to disclose its proposed new 2023 self-declared rates publicly at any time.<sup>3</sup> The Postal Service would not disclose such competitive rates publicly under good business practices on a voluntary

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<sup>3</sup> In Order No. 5451, the Commission ordered the Postal Service over its opposition to file publicly its original self-declared E-format letter post rates taking effect on July 1, 2020, seven days after the UPU notified other designated postal operators of those rates via UPU Circular. Likewise, in Order No. 5527, the Commission ordered the Postal Service to file publicly its self-declared E-format letter post rates taking effect on January 1, 2021, seven days after the UPU notified other designated postal operators of those rates via UPU Circular. Similarly, in Order No. 5935, the Commission ordered the Postal Service to file publicly its self-declared E-format letter post rates taking effect on January 1, 2022, within seven days (the UPU had already issued its Circular before Order No. 5935 was issued). The Postal Service complied with all three orders. The Commission has, at the same time, concluded that the Postal Service should not be compelled to disclose such rates any earlier than issuance of the corresponding UPU Circulars, given the likelihood that such earlier disclosure would provide foreign postal operators unfair competitive advantages in negotiating contracts before their own rates have been circulated via the same UPU Circulars. See, e.g., Order No. 5527 at 17.

basis, as doing so would give it a competitively harmful disadvantage vis-à-vis competitors that do not have similar obligations for competing products. Although the Commission compelled the disclosure of the earlier self-declared rates, the Postal Service will have competed in this market for three years when these new rates are in effect in 2023. During these past years, the higher self-declared rates have contributed to a decline in the Postal Service's E-format volumes. The marketplace has had ample time to adjust to the Postal Service's self-declared rates for this competitively classified product, and there is no reasonable basis on which to continue to compel the public disclosure of the Postal Service's self-declared rates (which are not of general applicability) for inbound E-format items. Compelled disclosure of these new 2023 rates would distort the competitive marketplace by regulatory fiat.

The financial materials include specific information such as costs, volumes, weights, projections of variables, rates, and cost coverage. All of this information is highly confidential in the business world. If this information were made public, the Postal Service's competitors would have advantages in being able to assess the Postal Service's costs and pricing. Thus, competitors would be able to take advantage of the information to offer lower pricing to customers, while subsidizing any losses with profits from other customers. Eventually, this could freeze the Postal Service out of the relevant inbound delivery services market. Additionally, foreign postal operators or other potential customers could use costing information to their advantage in negotiating the terms of their own agreements with the Postal Service. Given that the financial workpapers that the Postal Service determined to be protected from disclosure are filed

in their native format, the Postal Service's assessment is that the likelihood that the information would be used in this way is great.

Foreign postal operators could also use the Postal Service's self-declared rates in setting their own self-declared rates to charge the Postal Service, thus placing the Postal Service at an unfair competitive disadvantage. This could result from disclosure of the self-declared E-format rates themselves or of the blended rates that incorporate the E-format self-declared rates as a component. The blended rates could be reverse engineered to make approximations of the rates that the Postal Service will establish for E-format items beginning January 1, 2023. Under the process established for operators to set their rates under the Universal Postal Convention and the Convention Regulations, operators must submit their 2023 self-declared rates by the same date (i.e., by June 1, 2022), and then the UPU is expected to notify postal operators by July 1, 2022, of the rates. Therefore, if the Postal Service's non-published rates, or reasonable estimates thereof, are obtained by foreign postal operators in advance of the UPU Circular date, these operators will have a significant, and inequitable, advantage when setting their own rates (inconsistent with the process adopted in the UPU Convention provisions) or when conducting bilateral or multilateral negotiations with the Postal Service in advance of the implementation of the new self-declared rates. This information will materially influence the rates that these operators may apply to the Postal Service or may negotiate with the Postal Service. For instance, such discretion may be exercised by electing to charge an amount below its ceiling, which is measured only at the average weight per piece. Such discretion may also be exercised by selecting the item to kilogram ratio that may be used, since this figure can vary and

need be below the ceiling only at a single weight increment, *i.e.*, the average weight per piece. In general, when the Postal Service negotiates rates with other operators, it arranges for simultaneous exchange of the first round of rates, in order not to give either side leverage in the negotiation. Thus, advance disclosure of the rate information could adversely affect rates of remuneration paid by the Postal Service, which would harm the financial interests of the Postal Service and its customers, by adversely affecting negotiating positions in fora where rate remuneration is determined or in negotiating any alternative rates through bilateral or multilateral commercial contracts.

Potential customers (which can include foreign posts) could also deduce from the rates in the materials provided under seal whether additional margin for net profit exists. From this information, each foreign postal operator or customer could attempt to negotiate ever-decreasing prices, such that the Postal Service's ability to negotiate competitive yet financially sound rates would be compromised.

Volume and price information included in the non-public materials also consists of sensitive commercial information of foreign postal operators. Disclosure of such information could be used by competitors of a postal operator to assess the operator's underlying market size and its costs, and thereby develop a benchmark for the development of competitive alternatives.

**(5) At least one specific hypothetical, illustrative example of each alleged harm;**

Harm: Public disclosure of the Postal Service's self-declared rates would be used by foreign postal operators to the detriment of the Postal Service.

Hypothetical: Foreign postal operators could use the Postal Service's self-declared rates in setting their own self-declared rates to charge the Postal Service, thus placing the Postal Service at an unfair competitive disadvantage. Additionally, blended rates

using all format prices, including rates for P and G format inbound letter post items and new self-declared prices for E-format inbound letter post items, could be reverse engineered by foreign postal operators to determine approximations of the self-declared rates that the Postal Service will establish for E-format items beginning January 1, 2023. Having such estimates of the rates that the Postal Service has established for E-format items will give foreign postal operators undue leverage when setting their own rates and influence what these operators may apply to the Postal Service or may negotiate bilaterally or multilaterally. For instance, as explained above, depending upon how foreign operators perceive the Postal Service's new rates, they may decide to adjust their rates (presumably upward if they view their intended rates as lower in relation to the Postal Service's rates) or adjust their item rates in relation to their kilogram rates. Generally, disclosure of this information could adversely affect rates of remuneration, which would harm the financial interests of the Postal Service and its negotiating positions in fora where rate remuneration is determined or in negotiating any alternative rates through bilateral or multilateral commercial contracts. Foreign postal operators could also use the rate information to determine if remail opportunities exist in particular markets, which could result in revenue loss for the Postal Service in the event of undetected rate arbitrage practices.

**Harm:** Public disclosure of rates or other information in the financial workpapers would be used by competitors and customers to the detriment of the Postal Service.

**Hypothetical:** A competing package delivery service obtains a copy of the unredacted version of the rates and financial workpapers from the Commission's website. It analyzes the data to determine what the Postal Service would have to charge its

customers (which may include foreign posts) in order for the Postal Service to meet its minimum statutory obligations for cost coverage and contribution to institutional costs. The competing package delivery service then sets its own rates for products similar to what the Postal Service offers other posts under that threshold and markets its ability to guarantee to beat the Postal Service on price for Inbound E-format Letter Post. By sustaining this below-market strategy for a relatively short period of time, the competitor, or many or all of the Postal Service's competitors acting in a likewise fashion, would freeze the Postal Service out of the Inbound E-format Letter Post market.

Harm: Foreign postal operators could use the information in the financials to undermine the Postal Service's position in negotiations concerning bilateral remuneration.

Hypothetical: Disaggregated revenues, volumes, and weights are disclosed to the public. Foreign postal operators obtain the information and use it to their advantage in negotiating bilateral or multilateral remuneration with the Postal Service, including in an effort to lower the rates charged for delivery of Inbound E-format Letter Post in the United States. The disequilibrium in negotiating positions would be caused by the fact that the Postal Service's rates and other information would be known in advance, thereby depriving the Postal Service of the ability to engage in simultaneous exchange of rates or other information in bilateral or multilateral negotiations.

Harm: Public disclosure of information regarding the competitive domestic and international products would be used by competitors and customers to the detriment of the Postal Service.

Hypothetical: A competing package delivery service obtains a copy of the unredacted version of the non-public materials exposing rates, costs, revenues, volumes, and weights from the Commission's website. It analyzes the data to determine what

products and rates to offer in the competitive domestic and international markets in competition with the Postal Service, using data that would not ordinarily be available to competitors. Customers and potential customers could also use the data to negotiate better terms for themselves in contracts with the Postal Service or its competitors.

Harm: Public disclosure of the financial workpaper information would provide a market advantage to competitors.

Hypothetical: A competing international delivery service obtains a copy of the workpapers from the Commission's website. The competitor uses the information in the rates to assess service performance to any extent that it is tied to the terminal dues that may be charged pursuant to the Universal Postal Convention, and thereby could attempt to advertise and market its services to foreign postal operators on that basis.

Harm: Public disclosure of rates or other information in the financial workpapers would be used by a foreign postal operator's competitors to its detriment.

Hypothetical: A competing international delivery service obtains a copy of the unredacted version of the financial workpapers from the Commission's website. The competitor analyzes the workpapers to assess a foreign postal operator's underlying costs and volumes for the corresponding products. The competitor uses that information to assess the market potential and negotiate with U.S. customs brokers and freight companies to develop lower-cost alternatives.

**(6) The extent of protection from public disclosure alleged to be necessary;**

The Postal Service maintains that the redacted portions of the materials filed non-publicly should be withheld from persons involved in competitive decision-making in the relevant market for Inbound E-format Letter Post delivery (including, but not limited



to, private sector carriers and integrators) as well as their consultants and attorneys. Additionally, the Postal Service believes that foreign postal operators, as well as actual or potential customers of a postal operator for this or similar products, should not be provided access to the non-public rates and financial materials.

**(7) The length of time for which non-public treatment is alleged to be necessary with justification thereof; and**

The Commission's regulations provide that non-public materials shall lose non-public status ten years after the date of filing with the Commission, unless otherwise provided by the Commission. 39 C.F.R. § 3011.401(a). However, because the Postal Service's relationships with customers and foreign postal operators continue well beyond ten years, the Postal Service intends to oppose requests for disclosure of these materials pursuant to 39 C.F.R. § 3011.401(b-c).

**(8) Any other relevant factors or reasons to support the application.**

Such rates for the delivery of competitive inbound packages are not available publicly. Rather, they are considered by postal operators to be commercially sensitive.

**Conclusion**

For the reasons discussed, the Postal Service respectfully requests that the Commission grant its application for non-public treatment of the identified materials.

**Attachment 2 to U.S. Postal Service Notice Dated April 29, 2022**  
**(PRC Docket No. CP2022-58)**

**Inbound Letter Post Small Packets and Bulky Letters**  
**Rates Not of General Applicability for Mail Classification Schedule § 2340.6,**  
**Effective January 1, 2023<sup>1</sup>**

	<b>Per Piece in USD<sup>2</sup></b>	<b>Per Kilogram in USD</b>
<b>Inbound Letter Post Small Packets and Bulky Letters, unless exception applies<sup>3</sup></b>	<b>\$ [REDACTED]</b>	<b>\$ [REDACTED]</b>

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<sup>1</sup> The rates in this chart are available to designated operators of member countries of the Universal Postal Union (UPU) if all conditions are satisfied as provided in the Universal Postal Convention and Convention Regulations and as further provided in the Postal Regulatory Commission's Mail Classification Schedule. These are base rates for basic services that do not include additional charges that may apply for ancillary and supplementary services, such as supplementary charges that may apply for tracking pursuant to the Convention and Convention Regulations.

<sup>2</sup> Under the Universal Postal Convention as it is currently in force, the Postal Service may submit its self-declared rates to the UPU either in local currency (i.e., in U.S. dollars (USD)) or Special Drawing Rights (SDR). If submitted in local currency, then the UPU International Bureau converts the rates into values expressed in SDR. To calculate the rates in SDR, the International Bureau now uses the average monthly exchange rate of the five-month period ending March 31 of the year preceding the year for which the self-declared rates would be applicable.

<sup>3</sup> Exceptions to these self-declared rates may apply where terminal dues are established by the Universal Postal Convention and Convention Regulations and as applied by operation of the Convention and Convention Regulations in lieu of self-declared rates, and/or if designated operators agree upon alternative rates by bilateral or multilateral agreement. Rates for certain exceptional flows may also be supplemented by internal air conveyance charges, to the extent provided by the Convention and Convention Regulations.

### **Certification of Prices for Inbound Letter Post Small Packets and Bulky Letters**

I, Karen Meehan, Director of International Pricing and Financial Reporting, United States Postal Service, am familiar with the prices for Inbound Letter Post Small Packets and Bulky Letters. The prices were established in part by operation of the Universal Postal Convention and the UPU Convention Regulations, and in part by the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates, issued February 7, 2019 (Governors' Decision No. 19-1).

I hereby certify that the data submitted in support of these prices are accurate and that the numerical revenue and cost values underlying the prices for Inbound Letter Post Small Packets and Bulky Letters are the appropriate data to use in the formulas and represent the best available information. With these new prices, Inbound Letter Post Small Packets and Bulky Letters and competitive products in total will comply with 39 U.S.C. § 3633(a). The prices demonstrate that Inbound Letter Post Small Packets and Bulky Letters should cover their attributable costs and preclude the subsidization of competitive products by market-dominant products. International competitive mail accounts for a relatively small percentage of the total contribution by all competitive products. Contribution from Inbound Letter Post Small Packets and Bulky Letters should be even smaller. Inbound Letter Post Small Packets and Bulky Letters should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs.

Karen Meehan

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Karen Meehan

4/28/22

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Date

**DECISION OF THE GOVERNORS OF THE UNITED STATES POSTAL SERVICE ON THE ESTABLISHMENT OF PRICES AND CLASSIFICATIONS FOR DOMESTIC COMPETITIVE AGREEMENTS, OUTBOUND INTERNATIONAL COMPETITIVE AGREEMENTS, INBOUND INTERNATIONAL COMPETITIVE AGREEMENTS, AND OTHER NON-PUBLISHED COMPETITIVE RATES (GOVERNORS' DECISION NO. 19-1)**

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February 7, 2019

**STATEMENT OF EXPLANATION AND JUSTIFICATION**

Pursuant to our authority under section 3632 of title 39, as amended by the Postal Accountability and Enhancement Act of 2006 ("PAEA"), we establish new prices not of general applicability for certain of the Postal Service's competitive service offerings, and such changes in classification as are necessary to implement the new prices.

This decision establishes new prices for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates. Domestic Competitive Agreements consist of negotiated service agreements with Postal Service customers for domestic services that are categorized as competitive in accordance with 39 U.S.C. § 3642(b)(1)-(2). Outbound International Competitive Agreements consist of negotiated service agreements with Postal Service customers for outbound international services that are categorized as competitive in accordance with 39 U.S.C. § 3642(b)(1)-(2). Inbound International Competitive Agreements consist of negotiated service agreements with foreign postal operators or other entities for inbound international services that are categorized as competitive in accordance with 39 U.S.C. § 3642(b)(1)-(2). Other Non-Published Competitive Rates consist of rates not of general applicability that are not embodied in contractual instruments.

With respect to any product within the above categories, management is hereby authorized to prepare any necessary product description, including text for inclusion in the Mail Classification Schedule, and to make all necessary regulatory filings with the Postal



Regulatory Commission. [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

The Postal Accountability and Enhancement Act (PAEA) requires that prices for competitive products must cover each product's attributable costs, not result in subsidization by market dominant products, and enable all competitive products to contribute an appropriate share to the Postal Service's institutional costs. For agreements subject to this Decision, there are hereby established prices that will enable each agreement to cover at least 100 percent of the attributable costs for the relevant product and that conform in all other respects to 39 U.S.C. §§ 3632-3633 and 39 C.F.R. §§ 3015.5 and 3015.7. As discussed in the accompanying management analysis, the Chief Financial Officer (or his delegate(s)) shall certify that all cost inputs have been correctly identified for prices subject to this Decision and that all prices subject to this Decision conform to this Decision and to the requirements of the PAEA.

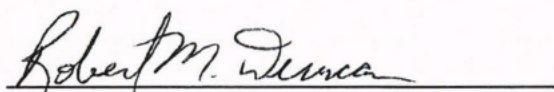
No agreement, grouping of functionally equivalent agreements, or other classification authorized pursuant to this Decision may go into effect unless it is submitted to the Postal Regulatory Commission with a notice that complies with 39 U.S.C. § 3632(b)(3). On a semi-annual basis, management shall furnish the Governors with a report on all non-published rate and classification initiatives, as specified in the accompanying Management Analysis. Not less than once each year, the Governors shall review the basis for this Decision and make such further determination as they may deem necessary. This Decision does not affect postal management's obligation to furnish to the Board of Governors information regarding any significant new program, policy, major modification, or initiative, or any other matter under 39 C.F.R. § 3.7(d), including where such a matter also falls within the scope of this Decision.

This Decision supersedes previous Governors' Decisions setting classifications and rates not of general applicability for competitive products; however, prices and classifications established under those Decisions may continue to be offered until the expiration of their terms, and contractual option periods and extension provisions that are included in the existing and future agreements can continue to be exercised.

## ORDER

In accordance with the foregoing Decision of the Governors, the new prices and terms set forth herein for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates and the changes in classification necessary to implement those prices, are hereby approved and ordered into effect. An agreement or other nonpublished rate and classification initiative is authorized under this Decision only if the prices fall within this Decision and the certification process specified herein is followed. Prices and classification changes established pursuant to this Decision will take effect after filing with and completion of any necessary review by the Postal Regulatory Commission.

By The Governors:

A handwritten signature in cursive script, reading "Robert M. Duncan", is written over a horizontal line.

Robert M. Duncan

Chairman, Board of Governors